



GRAND TRUNK RAILWAY.

LETTERS to the Right Honorable Sir John A.
Macdonald, K. C. B., and James Beatty, Q. C.,
Robert Hay and John Small, Esquires, members
representing Toronto in the Dominion House of
Commons.

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LETTERS to the Right Honorable Sir John A. Macdonald, K. C. B., and James Beaty, Q. C., Robert Hay and John Small, Esquires, members representing Toronto in the Dominion House of Commons.

GRAND TRUNK RAILWAY COMPANY OF CANADA.

General Manager's Office,

February 18th, 1884.

The Right Honorable

SIR JOHN A. MACDONALD, K.C.B.

Ottawa.

Sir,

In a letter addressed to you on the 14th instant by Mr. Van Horne, the following was quoted as a cable message coming "from one of the most prominent supporters of the Grand Trunk in London."

"London, February 4th, 1884.

"Mr. [unclear] determined opposition all Canadian Pacific and kindred securities being organized in press and other places here, on account Government monies being used to help former to compete with Grand Trunk by Ontario and Quebec. Are Pacific authorities still unwilling to enter into any arrangement with Grand Trunk for joint working of Ontario and Quebec? Think we might negotiate for joint lease. This is different to former proposal for sale of road absolutely to Grand Trunk. If reply favorable, would send out experienced man to negotiate when thought necessary."

Having made inquiries in regard to the matter, I am instructed to say to you that the Directors of this Compa-

ny neither authorized nor had any knowledge of the sending of this message, and I may add that so far from it emanating from a prominent supporter of the Grand Trunk, I have very good reason for saying it came from a warm friend of the Canadian Pacific, and one who has taken an active part in opposing the carrying out of the arrangement made by this Company with the Toronto, Grey & Bruce Railway Coy.

The point is important in the interest of truth and because the message, read as coming from a source friendly to the Canadian Pacific Coy, is intelligible and evidences that the views which I have heretofore ventured to express to you are entertained by both parties as to the damage done to all Canadian investments by the diversion of funds granted for a great public work to the building up of undertakings in no sense needful to its success, and which should either stand or fall on their own merits.

I have the honor to be

Sir,

Your obdt. servt,

J. HICKSON,

General Manager.

GRAND TRUNK RAILWAY CO. OF CANADA.

General Manager's Office,

Montreal, Feb. 18th, 1884.

To James Beaty, Q. C., Robert Hay, and John Small,
Esquires, Members representing Toronto in the
Dominion House of Commons.

Gentlemen,

I notice that Mr. E. B. Osler has addressed you in very energetic terms as to your duties in connection with the proposed further advance by the Government of \$30,000, 000, to the Canadian Pacific Railway Co. and that he accuses the people of "old Canada and especially of Ontario," of

having gone to sleep. You are told that from the day that the Canadian Pacific Railway ceased to be a Government work, the Grand Trunk Railway authorities have been bitterly opposed to the undertaking; that the aim and effort of the Canadian Pacific Railway has been to give Ontario the benefit of competition. A bewildering mass of figures are quoted to show the advantages to Ontario of the construction of the Ontario & Quebec line, and Mr. Osler is good enough to tell you the exact amount by which the freight rates would be advanced by the Grand Trunk Company if certain things happened.

I do not desire to occupy your time with any lengthened reference to Mr. Osler's statements, but I would like to remind you of some facts which that gentleman has not mentioned and which may assist you to appreciate the full force of his arguments.

First it is not true that the Grand Trunk Railway Company has been bitterly opposed to the construction of the Canadian Pacific Railway, on the contrary the President of this Company addressing the proprietors assembled in public meeting in the city of London, on the 28th October, 1886, said :

" There is one subject on which I ought, in reply to
 " a question asked just now, to say one or two words—
 " that is, the subject of the Canadian Pacific Ry. The
 " Ministers of Canada were over here not long since with
 " a view to negotiations for constructing a railway to the
 " Pacific. We have, of course, nothing to do with the
 " railway to the Pacific; we have only to do here—with the
 " interests of the Grand Trunk, but I may safely say that
 " by whatever route that line is constructed, the more
 " quickly it is made towards the Pacific the better for the
 " Grand Trunk; and in the course of the next ten years,
 " if it only goes on as we hope it may, we shall expect to
 " get a considerable accession of traffic from that source,
 " in consequence of the emigrants who will naturally go
 " in that direction as the Railway is built, in consequence

" of the labour and materials that will be required for the
 " construction of the railway, and in consequence of the
 " traffic that will come from it."

The Grand Trunk Company has opposed, and protested against, monies given for the construction of the Canadian Pacific line being diverted to the building up of unnecessary competitive lines, the capital for which lines, if they were to be constructed at all, should, it is claimed, have been provided by private enterprise.

I need not point out to you that as the largest tax payer in the Dominion, the Grand Trunk Company is in the exercise of its legitimate and constitutional rights when it makes such a protest. The Company may fairly claim to have as much right to be heard on such a subject as Mr. Osler and those who are associated with him.

The cry of monopoly is raised against the Grand Trunk, but are not Mr. Osler and his friends making the most vigorous efforts to establish just such a monopoly as they very unfairly charge the Grand Trunk with desiring to establish in Ontario. You have probably not forgotten that when last year a bill connected with the Canadian Pacific was passing through its various stages in the House of Commons, a proposition was submitted to have inserted in it a clause securing for traffic going into Manitoba and the Northwest territories by way of St. Vincent, as favorable rates as should be given for traffic going by way of Nipissing. This clause was promptly rejected, and the Company was prepared to withdraw its bill rather than accept such legislation.

Now it is pertinent to enquire what this really meant so far as Ontario is concerned.

If the Grand Trunk Company is not to be allowed to compete for traffic to and from Manitoba and Ontario, I would ask what competition is likely to take place?

The lines which the Canadian Pacific Company is seeking to control may give that company the opportunity of carrying Ontario traffic to and from the Northwest but how competition which Mr. Osler appears to so much de-

sire is to be secured under existing legislation in regard to the Canadian Pacific, is not so apparent.

Mr. Osler accuses the people of Ontario of having gone to sleep, he will probably discover that they are very wide awake although they have not the same incentives to individual exertion as Mr. Osler and his friends.

The interest on some amount of capital not yet made public assumed to be invested in the Ontario and Quebec, the Credit Valley, the Toronto, Grey and Bruce, the Atlantic and Northwest and (it is presumed, inasmuch as the arrangement is to extend from Montreal) the Occidental line, is to be guaranteed by the Canadian Pacific Company under a leasing arrangement.

It is understood that Mr. Osler is largely interested in all these Railways excepting perhaps the Atlantic and Northwest and Occidental lines.

In December 1881 he made an agreement in regard to the Ontario and Quebec and Toronto, Grey and Bruce Companies, (which from no fault of Mr. Osler's was not carried out) to an extract from which, enclosed, I desire to call your attention, and invite you to enquire if arrangements similar in their character are to be carried out under the now proposed contract of lease.

As the Grand Trunk Company is a large contributor to both the general and local taxes in the city which you represent, I may fairly claim the right to address you on matters which affect the Company's interests, and I therefore venture to refer to a letter from Mr. Geo. Laidlaw which has been printed in the newspapers.

It is not for the purpose of entering into any controversy with Mr. Laidlaw on the Railway policy of the country, but simply to correct certain statements which it is inexcusable on Mr. Laidlaw's part to make for the purpose of creating prejudice.

Mr. Laidlaw says that this Company opposed the narrow gauge railways, or in other words, the Toronto, Grey and Bruce and Nipissing lines, and headed a vigo-

rous opposition to the granting of the Charters and the building of the two lines. When I tell you that instead of opposing them the Grand Trunk Company absolutely took stock in both lines, that they assisted them to get into Toronto both from the east and from the west on the most liberal conditions, that they aided and fostered their traffic in every reasonable way, you will readily understand for what object such statements as Mr. Laidlaw has made are printed and put in circulation. I believe that there is not a single officer who has been engaged in the operating of these lines who will not say that the policy of the Grand Trunk towards them was of a most liberal and encouraging character.

Mr. Laidlaw is equally wrong in saying that the Grand Trunk Company opposed the construction of the Credit Valley line. What they did oppose was Mr. Laidlaw's efforts to seize upon and use for the purposes of the Credit Valley Company, the property of the Grand Trunk Company in Toronto, without paying adequate compensation therefor; and if that was wrong, then the Grand Trunk Company were certainly to blame for the course they pursued in regard to the Credit Valley, but I am inclined to think that they only did what any private individual or other corporation under similar circumstances would have done.

I am, gentlemen,

Your very obedt. servt.,

J. HICKSON,
General Manager.

Extract from Heads of an Agreement as to the Ontario and Quebec Railway, dated December 9th 1881.

"The Toronto, Grey and Bruce and Ontario and Quebec Railway Companies, to enter into an interchange traffic agreement for the working of the Toronto, Grey and Bruce Railway with provisions securing such

"rebates out of the Ontario and Quebec interchanged
 "traffic receipts as may be necessary to make up any deficiency in the 4 per cent interest referred to in Mr
 "Osler's letter to Mr. Gramshaw (see Appendix A) and
 "generally to carry the proposition in the said letter into
 "effect; the terms of the agreement between the companies to be subject to the usual confirmation of the shareholders of both companies.

"In the event of the requisite powers to amalgamate
 "the Toronto, Grey and Bruce and Ontario and Quebec
 "Railway Companies being obtained, and an agreement for
 "amalgamation being entered into, one of its terms shall
 "be that Osler & Co. shall receive par for the \$400,000*
 "of Toronto, Grey and Bruce stock held by them."

* This stock was purchaseable in Toronto at about 10 cents on the dollar.

APPENDIX A.

London, December, 1881.

W. H. GRAMSHAW, ESQ.,

Chairman,

London Committee of Bond holders,

Toronto, Grey and Bruce Railway.

DEAR SIR,

On behalf of the Ontario and Quebec Railway Company, I beg to make the following proposals for united working of the two systems of Railway.

1. That the claim for overdue interest upon the existing past due 6 per cent Bonds of the Toronto, Grey and Bruce Railway be surrendered.

2. That the holders of such bonds do accept 4 per cent for thirty years from 1st January 1882, receiving either bonds of the Toronto, Grey and Bruce, secured as hereinafter mentioned, or in the event of amalgamation, Bonds of the Ontario and Quebec.

3. To insure the payment of 4 per cent during the construction of the Ontario and Quebec, a sum shall be deposited sufficient to provide for two years' interest on the overdue Bonds.

4. That upon the completion of the Ontario and Quebec, a joint working agreement shall be entered into, from the net receipts of which a sufficient sum shall be appropriated to meet the 4 per cent interest.

The foregoing proposals are subject to the following conditions :

(a). The usual confirmation by the shareholders of both Companies to be obtained.

(b). To a decision in favor of the Toronto, Grey and Bruce in the present pending proceedings at the instance of the Grand Trunk.

(c). That from the present date pending the completion of the agreement to be based upon this offer, your Committee do not entertain proposals from any other Company or persons for the adjustment of your bonded debt.

(d). That your approval of these proposals and notification of your intention to submit the same to the Bondholders be communicated to us within from this date.

Yours faithfully,

(Signed)

E. B. ÖSLER.

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